



National Basketball Association

Richard W. Buchanan
Executive Vice President &
General Counsel

August 3, 2007

By Facsimile and Regular Mail

Mr. John F. Lauro
Lauro Law Firm
Bank of America Plaza
101 East Kennedy Blvd.
Suite 2180
Tampa, FL 33602

Dear Mr. Lauro:

In accordance with your letter of July 23, 2007, we are writing to you in connection with matters related to your client, Timothy Donaghy.

We agree with you that Mr. Donaghy's employment by the NBA has terminated. Accordingly, we advise you that the NBA has ceased making salary payments to Mr. Donaghy, and we request that he arrange promptly for the return of NBA equipment in his possession (*i.e.*, Blackberry, laptop computer, and flip disk), which he can send to my attention.

As to the effects or consequences of Mr. Donaghy's purported "resignation," the NBA reserves all of its legal rights.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard W. Buchanan".

Richard W. Buchanan